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Laura D. Ford  
Vice President  
Federal Regulatory

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**USWEST**  
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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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September 15, 1993

William Caton, Acting Secretary  
Federal Communications Commission  
1919 M. Street N.W., Rm 222  
Washington, DC 20554

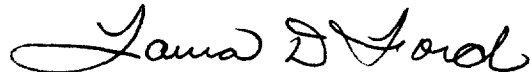
RE: Depreciation Simplification  
Docket CC 92-296

Dear Mr. Caton:

Today, September 15, 1993, U S WEST met with Chairman Quello and Brian Fontes; Commissioner Barrett and Jeffrey Hoagg and Commissioner Duggan and Linda Oliver. Representing U S WEST were Richard McCormick, President and CEO; Laird Walker, Vice-President, Federal Relations; Laura Ford, Vice-President, Federal Regulatory and Mike Crumling, Executive Director, Federal Regulatory. Chuck Lillis, Executive Vice-President and Chief Planning Officer accompanied the U S WEST representatives to meet with Chairman Quello and Brian Fontes. The attached document on Depreciation Simplification served as the basis for the discussion.

In accordance with Commission Rule 1.1206(a)(2), the original and one copy of this letter including attachments are being filed with your office. Acknowledgment and date of receipt of these transmittals are requested. A duplicate letter is attached for this purpose. Please let me know if you have questions.

Sincerely,



Laura D. Ford  
Vice-President-Federal Regulatory

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## **Depreciation Simplification CC 92-296**

### **Option D is best solution:**

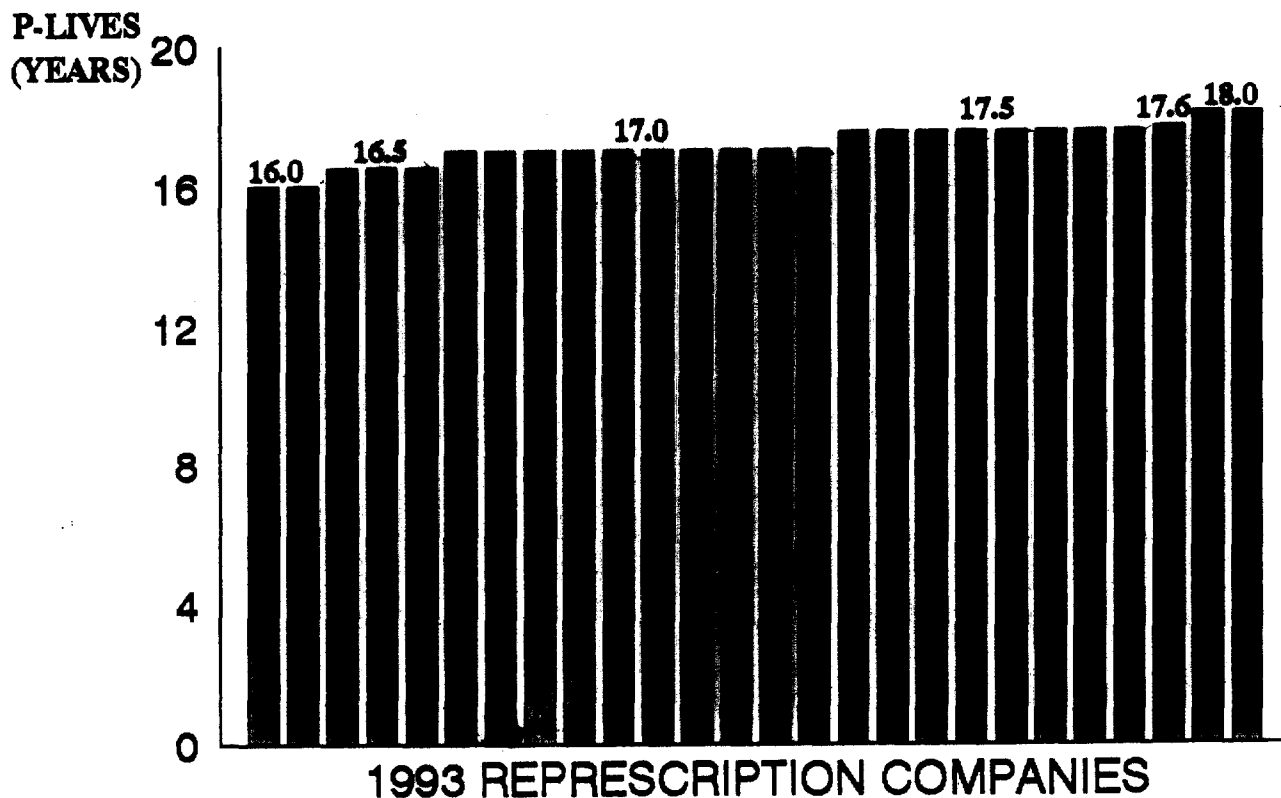
- Consistent with Price Caps**
- Provides flexibility necessary for LEC to solve depreciation problem**
- Subject to Commission review and other safeguards:**
  - Audits - internal and external**
  - GAAP**
  - ARMIS**
  - First Quarter filings**
- LEC responsible for future capital recovery**

## **Depreciation Simplification CC 92-296**

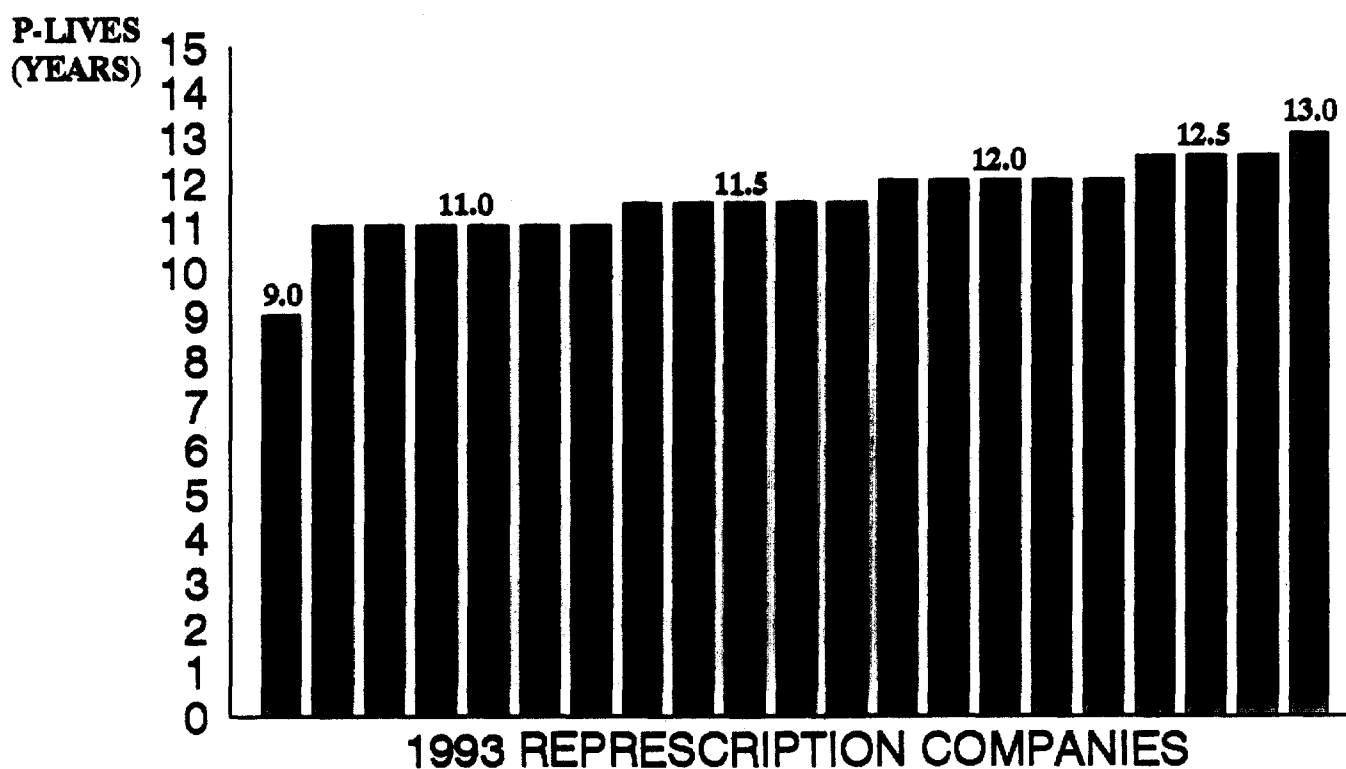
### **Option A generates many concerns:**

- **Does not apply to all accounts in 1994**
  - **Biggest problem is with technology sensitive accounts**
    - » **copper**
    - » **circuit**
    - » **switching**
- **Ranges are limited to subset of prescribed lives**
  - **Lower limit must reflect high technology impact**
    - » **copper-15 years**
    - » **circuit-7 years**
    - » **digital switching-10 years**
  - **The Commission should rely upon outside experts who specialize in technology forecasting**
    - » **Technology Forecasting Group**
  - **LEC's should not be forced to come within the range within a certain period of time**
- **Does not apply to all study areas in 1994**

## ACCOUNT 2212 - DIGITAL ESS

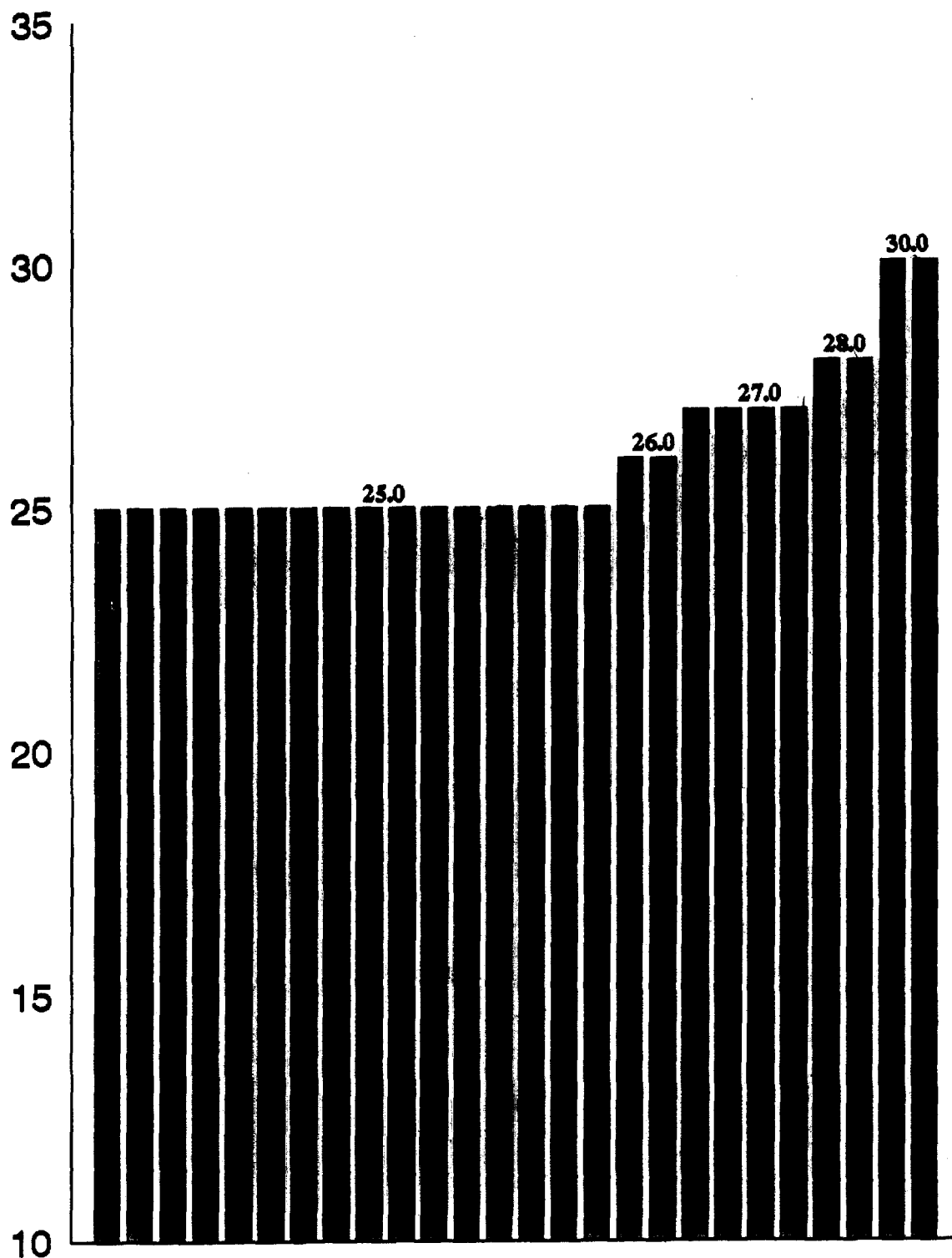


## ACCOUNT 2232.2 - DIGITAL CIRCUIT



# ACCOUNT 2422 UNDERGROUND CABLE - COPPER

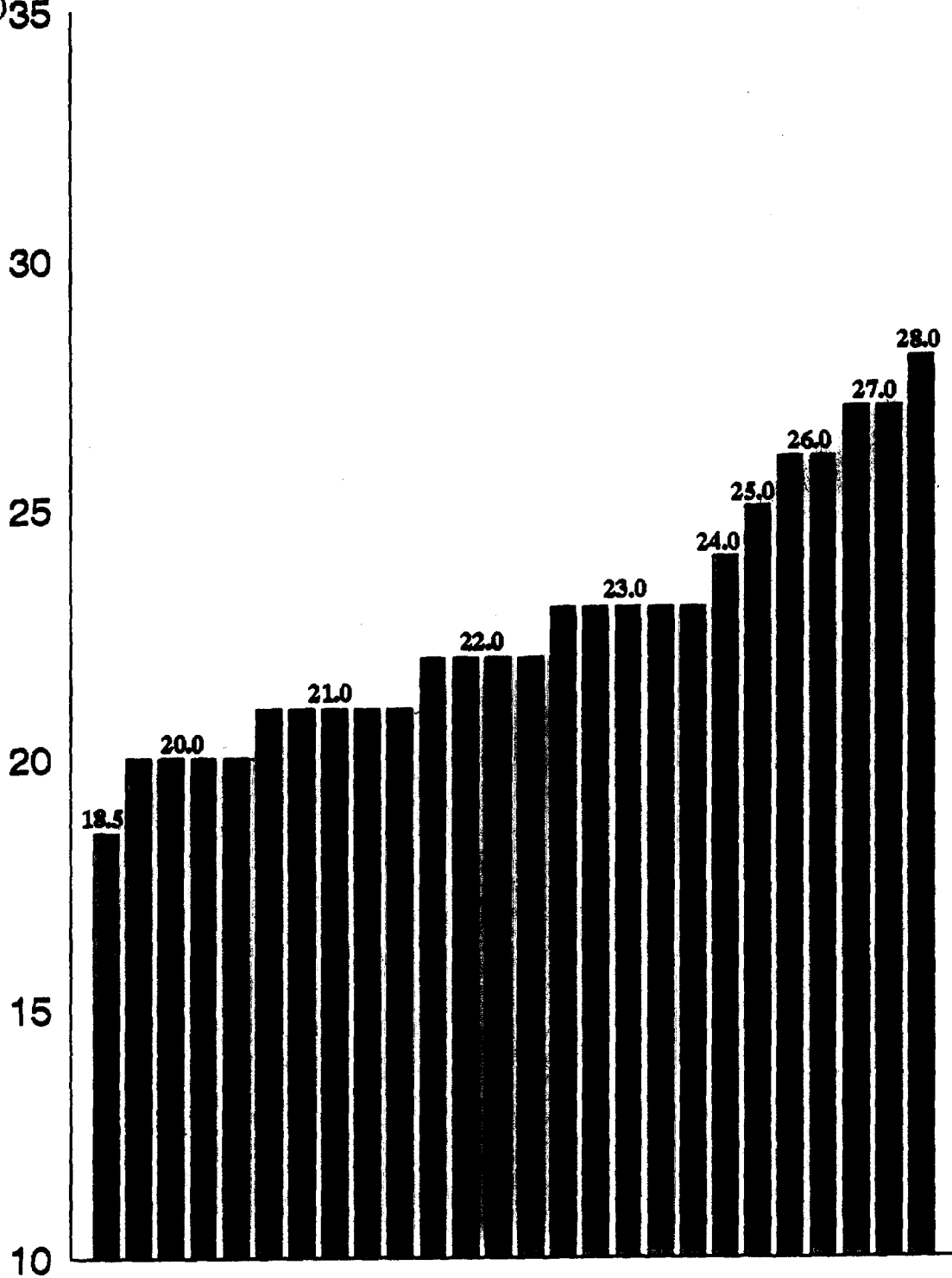
P-LIVES  
(YEARS)



1993 REPRESRIPTION COMPANIES

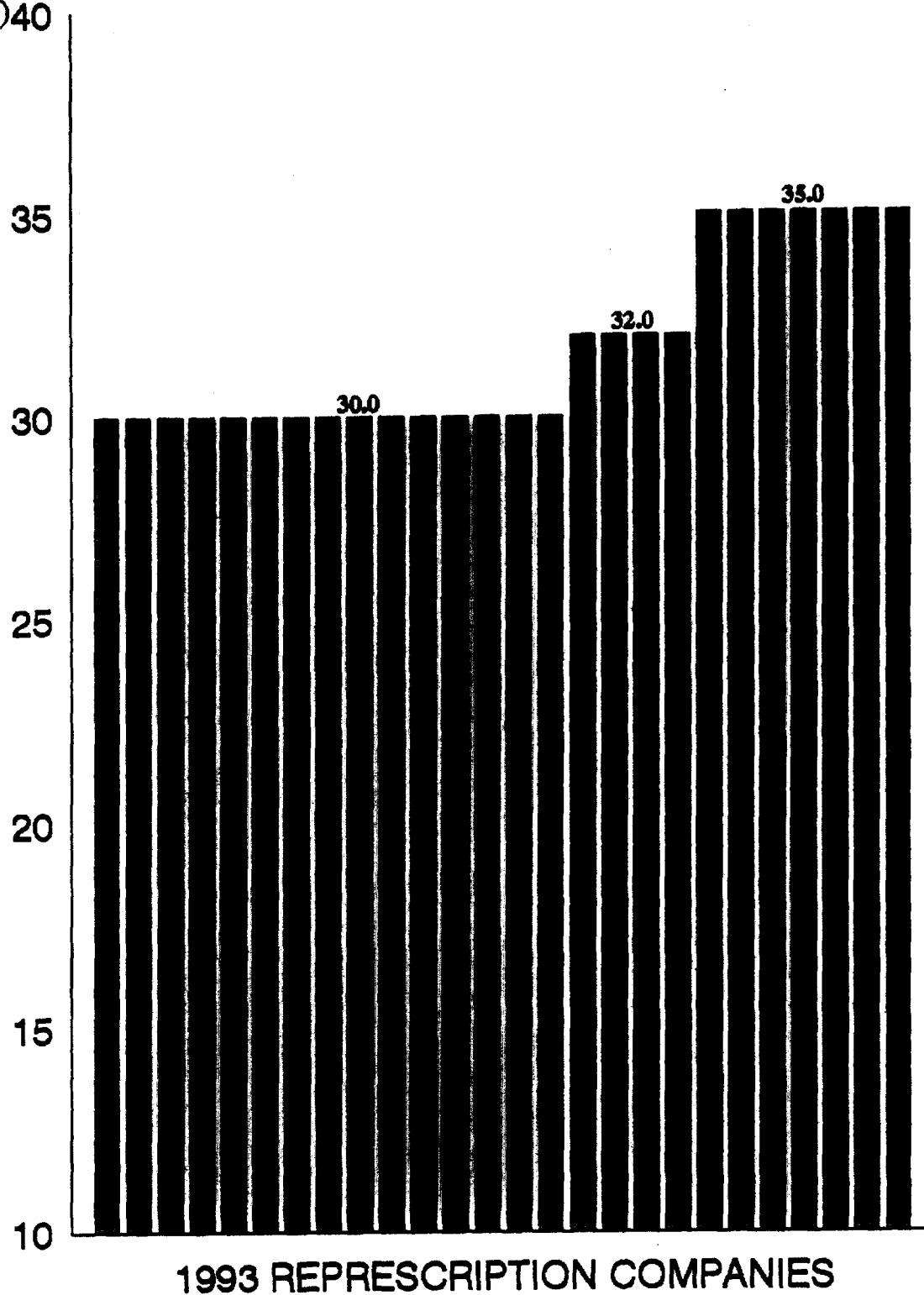
# ACCOUNT 2423 BURIED CABLE - COPPER

P-LIVES  
(YEARS)



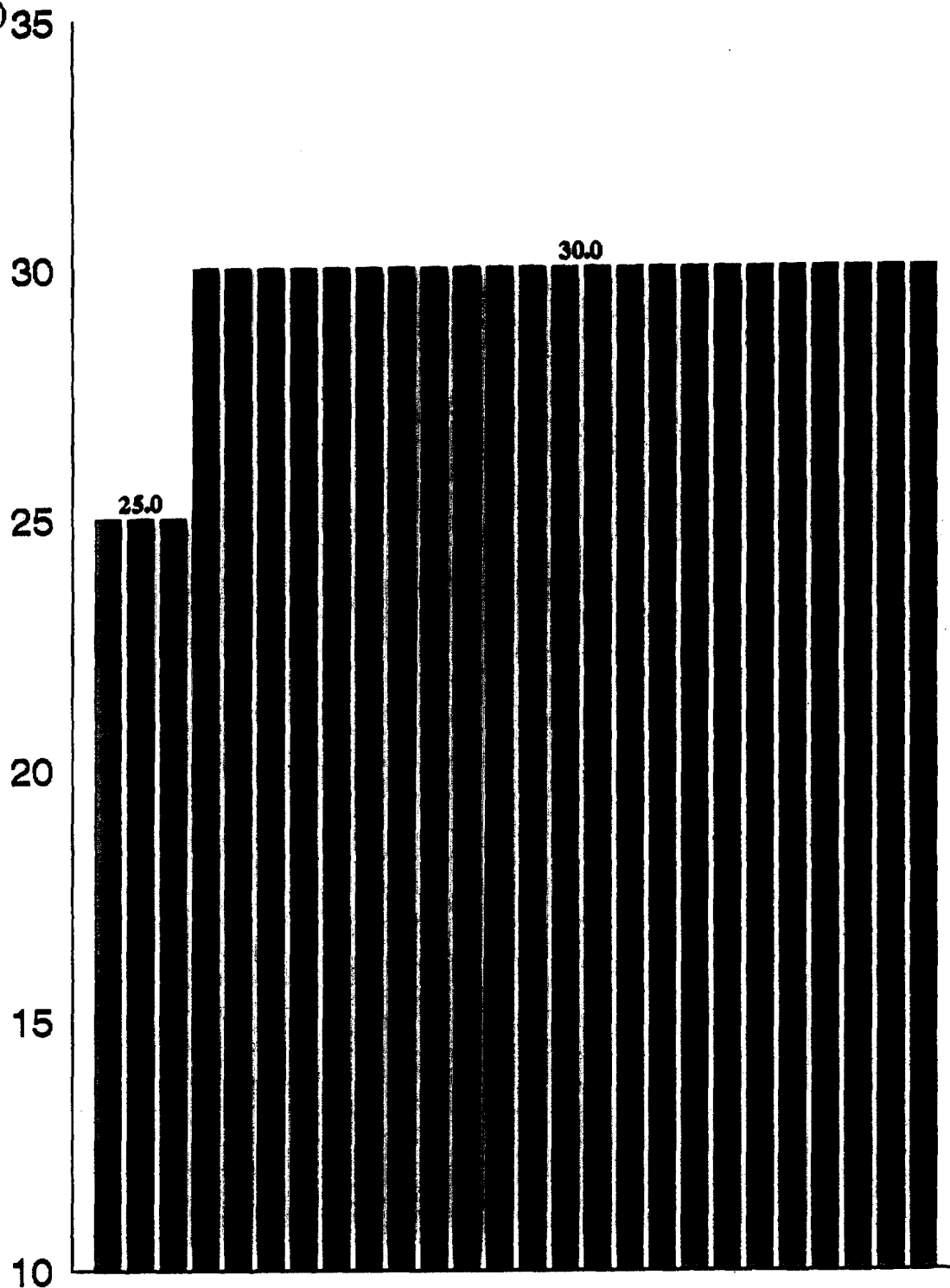
1993 REPRESRIPTION COMPANIES

**P-LIVES  
(YEARS)40**



# ACCOUNT 2423 BURIED CABLE - FIBER

P-LIVES  
(YEARS)

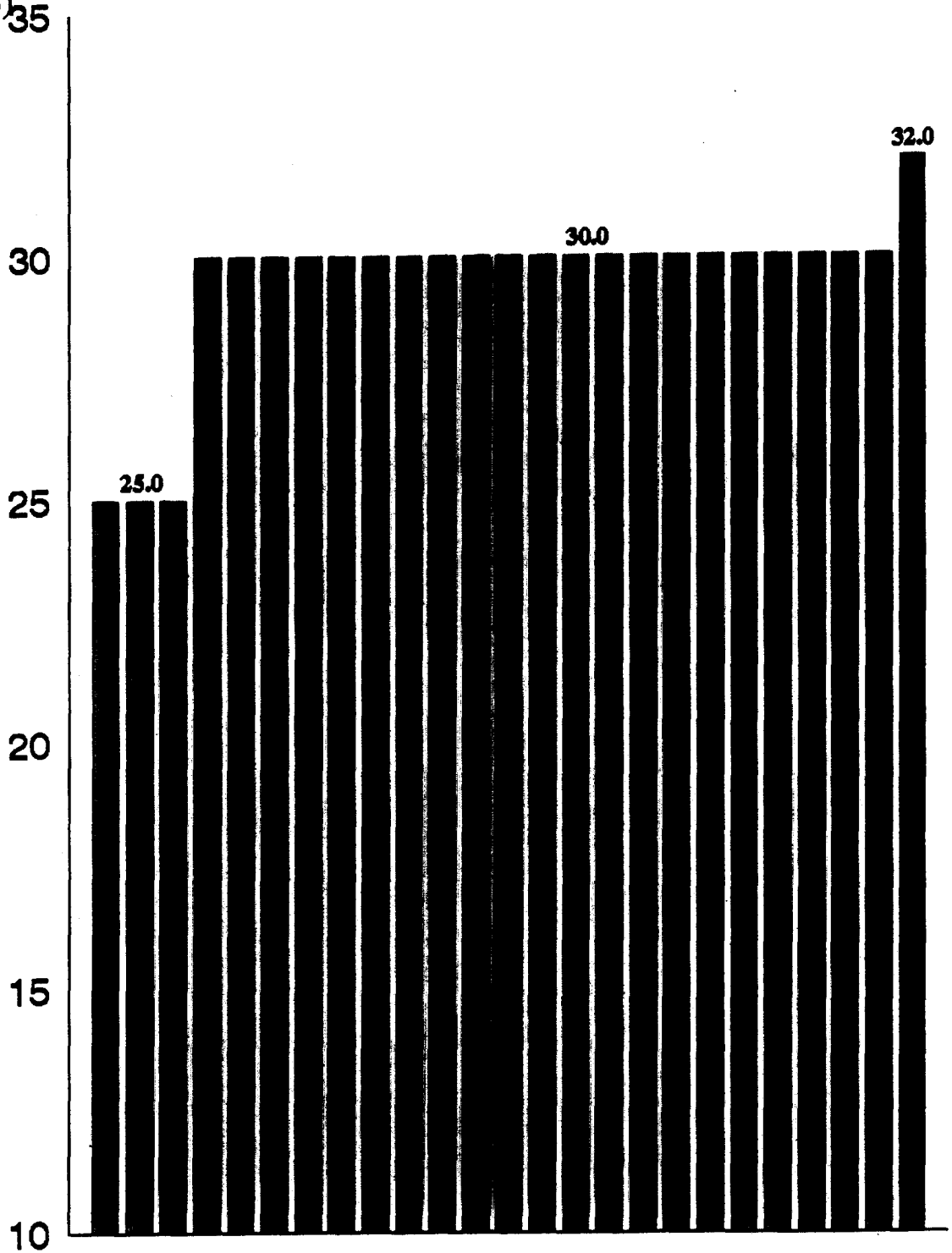


1993 REPRESRIPTION COMPANIES



# ACCOUNT 2421 AERIAL CABLE - FIBER

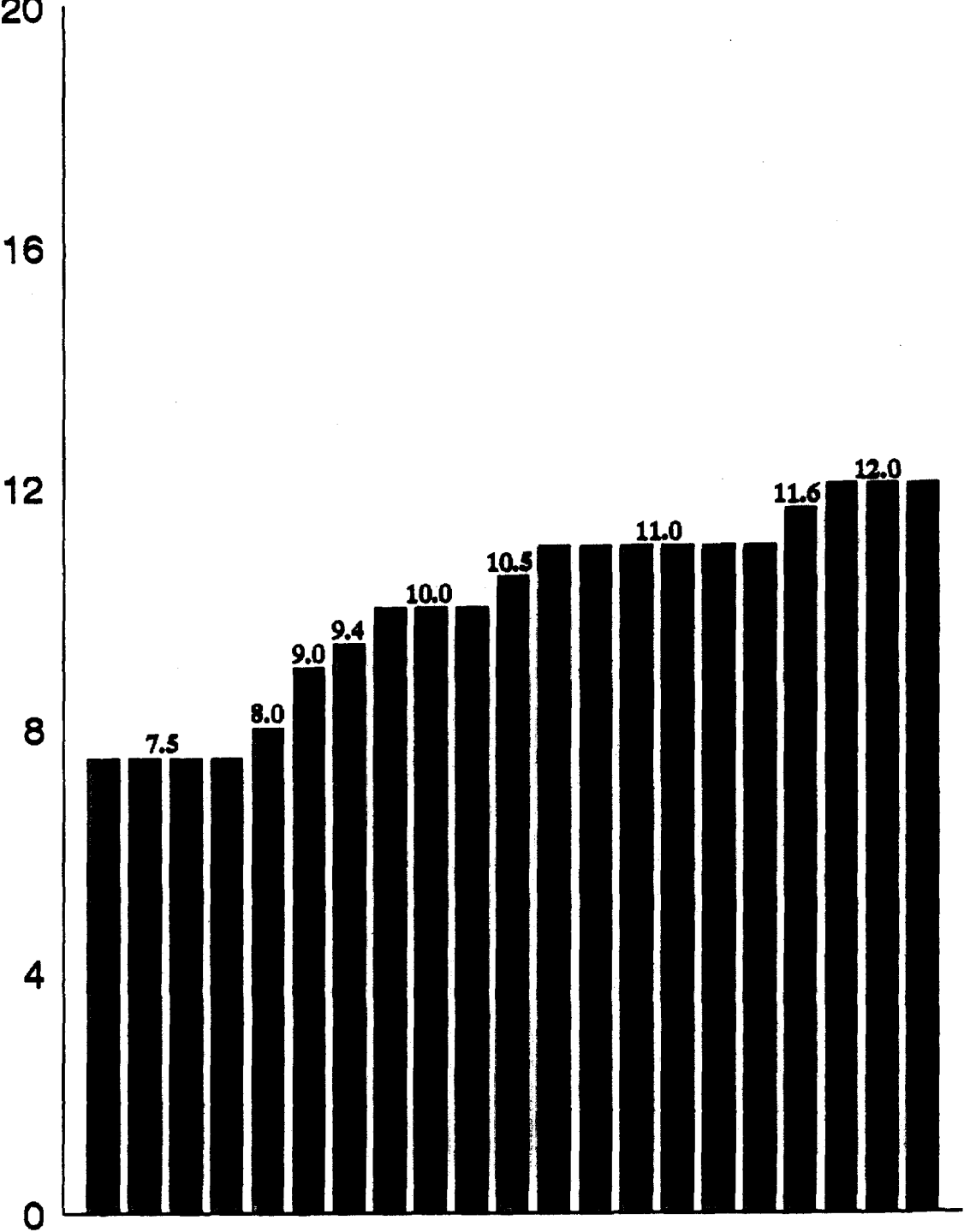
P-LIVES  
(YEARS)



1993 REPRESRIPTION COMPANIES

# ACCOUNT 2232.3 ANALOG CIRCUIT

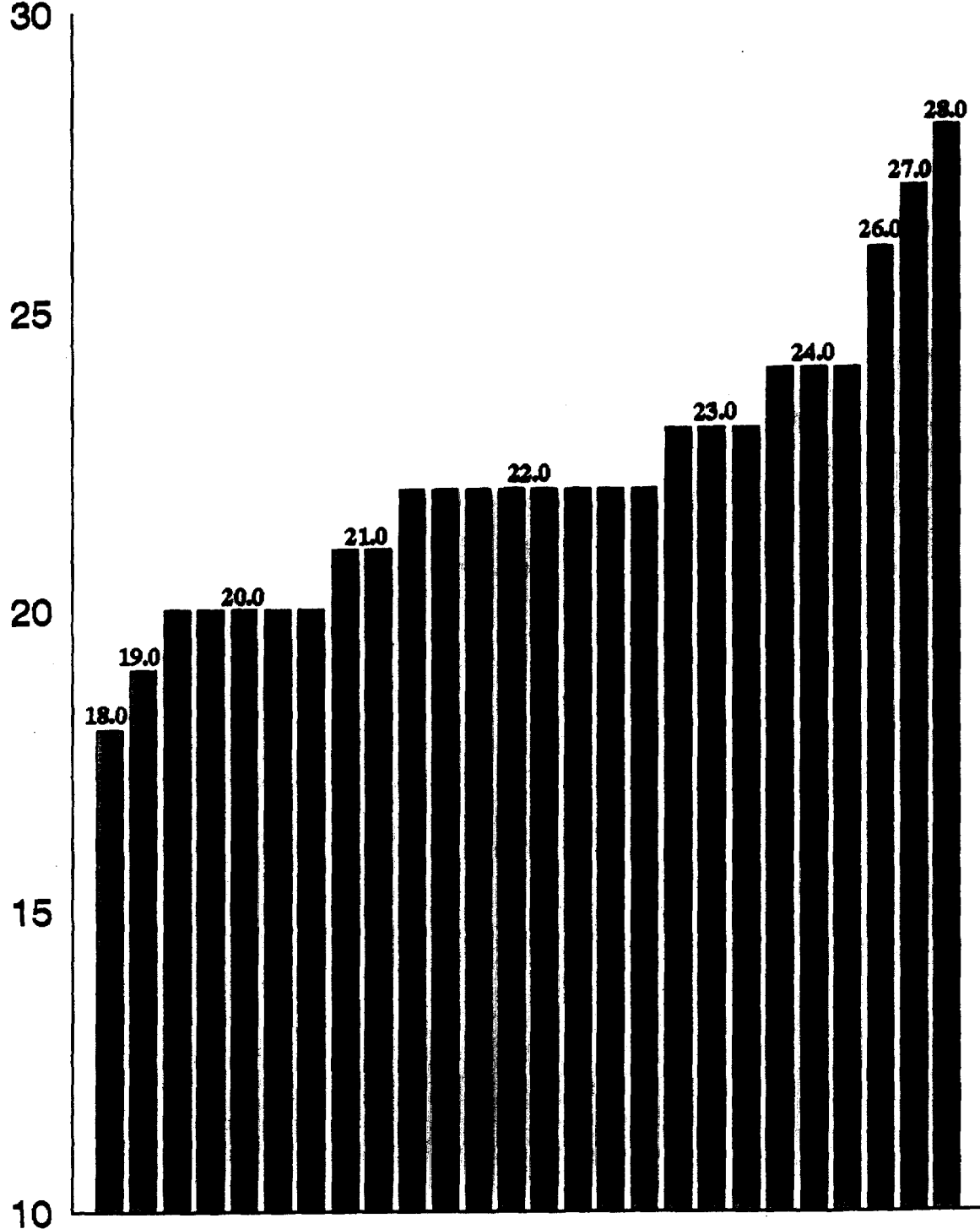
P-LIVES  
(YEARS) 20



1993 REPRESRIPTION COMPANIES

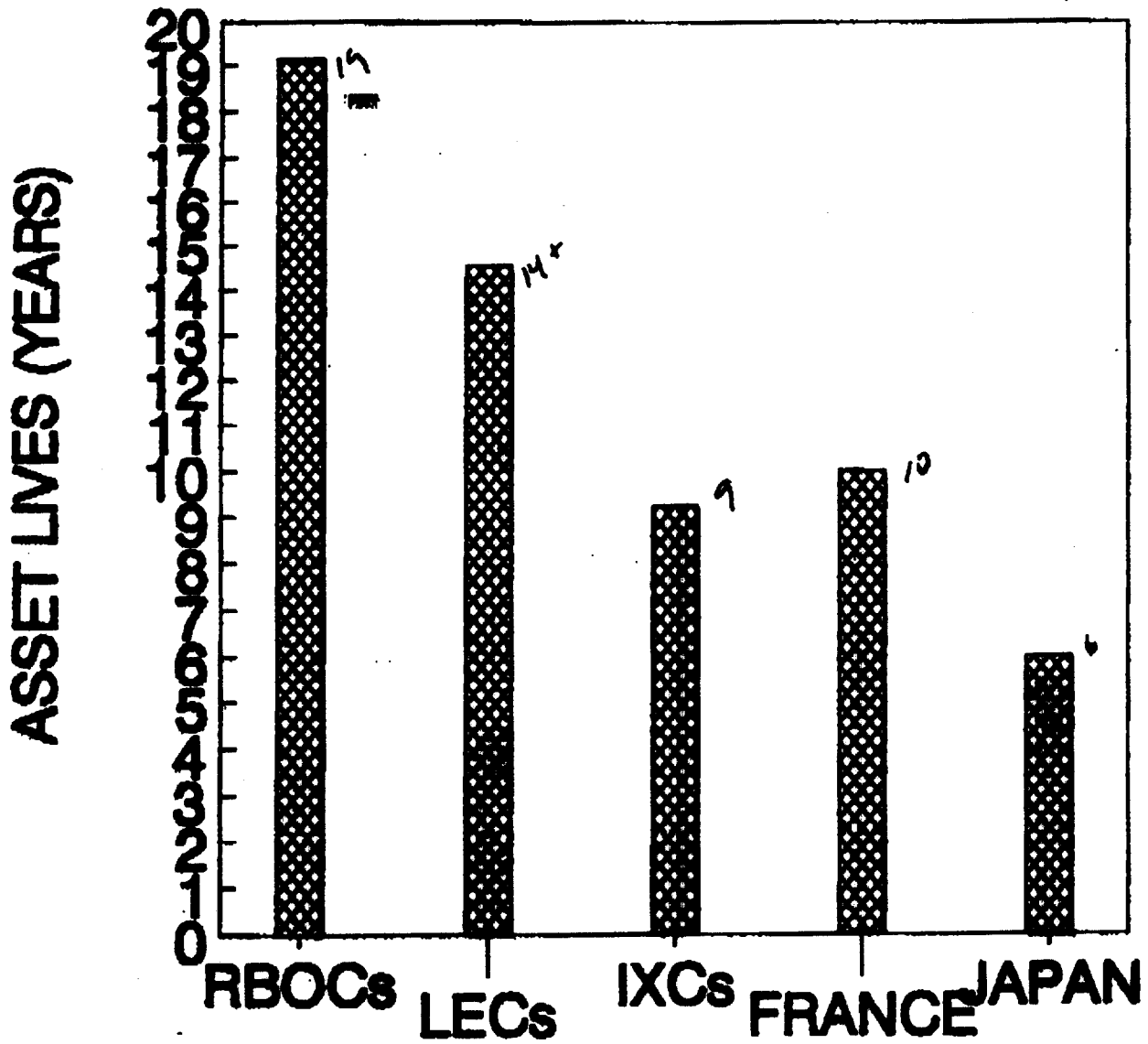
# ACCOUNT 2421 AERIAL CABLE - COPPER

P-LIVES  
(YEARS)

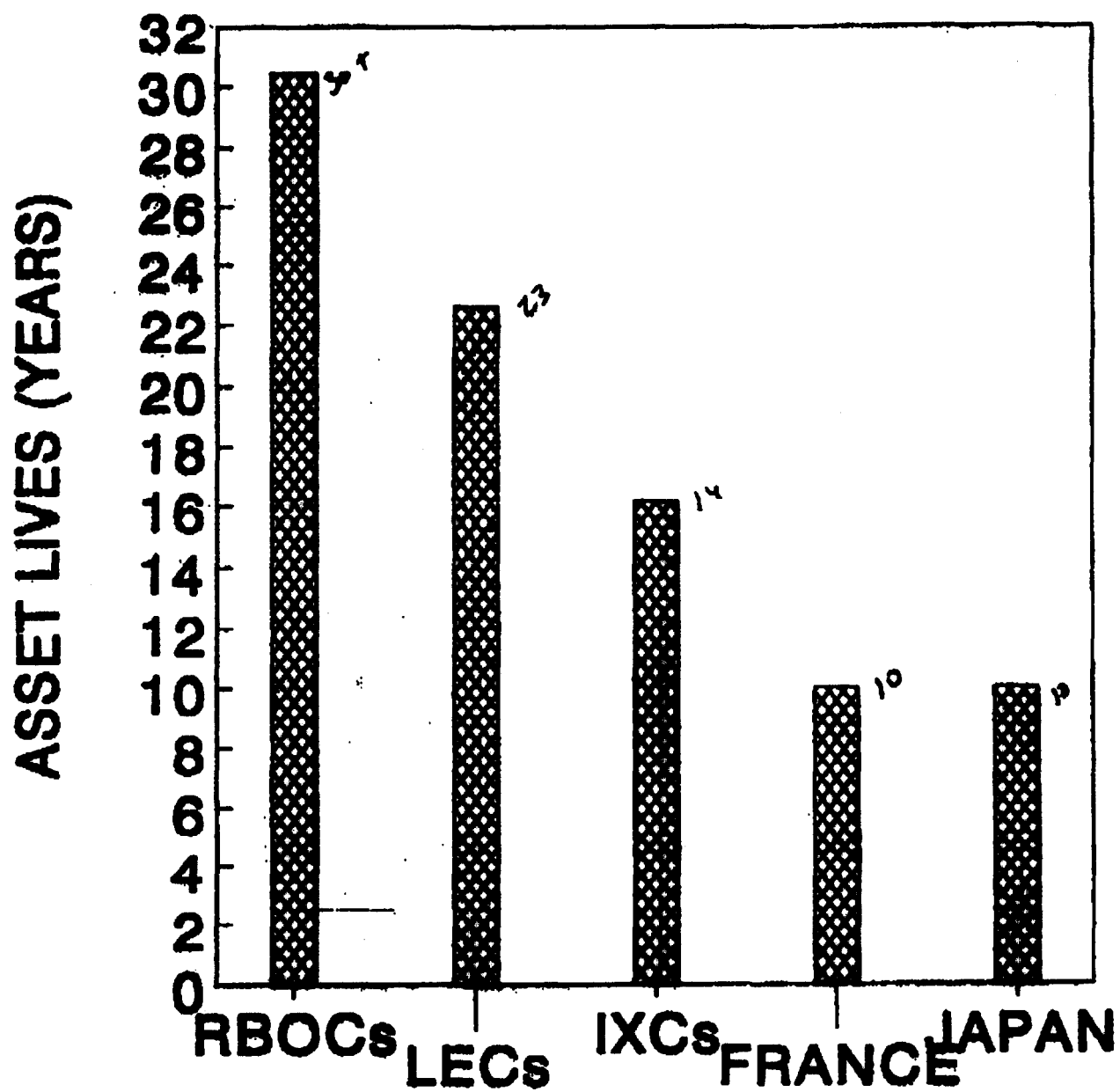


1993 REPRESRIPTION COMPANIES

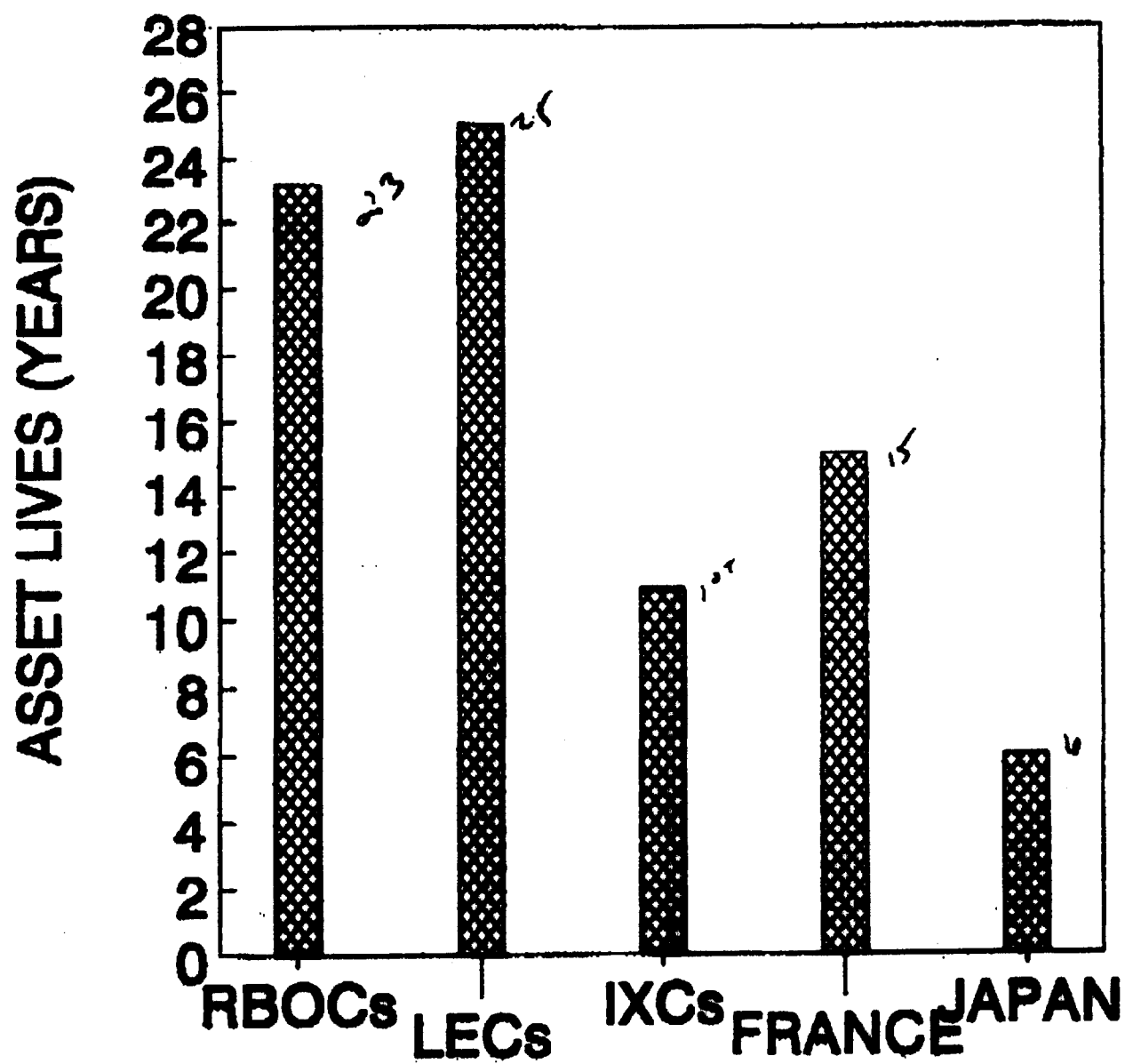
## DIGITAL SWITCHES



## FIBER CABLE



## COPPER CABLE



## U S WEST COMMUNICATIONS

	<u>Digital Switches</u>	<u>Copper</u>	<u>Fiber</u>
Present USWC Lives (FCC Prescribed)	17-18	18-28	30
Proposed USWC Lives	10	15-20	20
Domestic Cable Companies	N/A	10-15	10-15
International Telcos*			
• Japan	6	6	10
• France	10	15	10
• U.K.	10	15	20

\*Source: CTM Research